



State Receipt and Revenue Plans

MULTI-YEAR FINANCIAL SUMMARY
TOTAL EXPENDITURES AND REVENUES
FISCAL YEARS 06 - 13
(in millions of dollars)

	Actual FY 06	Estimated FY 07	Estimated FY 08	Estimated FY 09	Estimated FY 10	Estimated FY 11	Estimated FY 12	Estimated FY 13
REVENUES:								
Executive Branch:								
Tax Revenues	4,915.6	5,181.1	5,459.6	5,684.8	5,934.2	6,159.5	6,439.4	6,766.8
Nontax Revenues	2,677.6	2,726.8	2,808.0	2,962.8	2,975.6	3,004.6	3,074.3	3,122.6
Federal Funds	1,940.0	2,029.3	2,071.0	2,150.3	2,263.9	2,318.9	2,380.0	2,385.2
Judicial Branch Revenues	36.9	39.8	40.4	41.2	41.9	42.5	43.3	43.5
OHA Revenues	32.6	15.1	15.1	15.1	15.1	15.1	15.1	15.1
Other	-	-	(186.8)	(137.8)	(137.8)	(137.8)	(137.8)	(137.8)
Bond Receipts	356.2	590.0	856.0	715.0	944.0	1,020.0	565.0	365.0
TOTAL REVENUES	9,958.9	10,582.1	11,063.3	11,431.4	12,036.9	12,422.8	12,379.2	12,560.4
EXPENDITURES:								
Executive Branch:								
Operating	8,483.9	9,599.4	10,281.7	10,498.4	10,606.7	10,756.7	10,857.2	11,035.1
Capital Investment	720.7	1,790.8	1,336.1	745.8	1,068.1	298.9	437.9	106.1
Specific Appropriations	159.0	530.2	217.5	308.6	212.6	212.6	212.6	212.6
Sub-total	9,363.6	11,920.4	11,835.3	11,552.8	11,887.4	11,268.2	11,507.7	11,353.8
Legislative Branch	30.4	30.6	30.4	30.4	30.4	30.4	30.4	30.4
Judicial Branch	132.6	143.7	147.7	145.8	146.8	147.9	148.8	149.8
OHA	8.1	8.4	9.1	9.3	9.5	9.7	9.8	10.0
Lapses	(61.2)	(45.0)	(45.0)	(45.0)	(45.0)	(45.0)	(45.0)	(45.0)
TOTAL EXPENDITURES	9,473.5	12,058.1	11,977.5	11,693.3	12,029.1	11,411.2	11,651.7	11,499.0
REVENUES OVER EXPEND.	485.4	(1,476.0)	(914.2)	(262.0)	7.8	1,011.6	727.5	1,061.4
CARRY-OVER BALANCE (DEFICIT)								
Beginning	5,766.3	6,251.7	4,775.7	3,861.5	3,599.5	3,607.3	4,618.9	5,346.4
Ending	6,251.7	4,775.7	3,861.5	3,599.5	3,607.3	4,618.9	5,346.4	6,407.8

MULTI-YEAR FINANCIAL SUMMARY
GENERAL FUND
FISCAL YEARS 06 - 13
(in millions of dollars)

	<u>Actual FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
REVENUES:								
Executive Branch:								
Tax Revenues	4,425.6	4,700.5	4,983.2	5,201.4	5,443.8	5,661.9	5,935.2	6,260.1
Nontax Revenues	470.9	445.8	441.5	447.7	449.0	458.6	462.2	459.8
Judicial Branch Revenues	28.4	32.0	32.5	33.1	33.7	34.2	34.9	34.9
Other			(186.8)	(137.8)	(137.8)	(137.8)	(137.8)	(137.8)
TOTAL REVENUES	4,924.9	5,178.3	5,270.4	5,544.4	5,788.7	6,016.9	6,294.4	6,617.0
EXPENDITURES:								
Executive Branch:								
Operating	4,422.9	4,745.3	5,165.2	5,283.5	5,353.8	5,434.0	5,484.2	5,575.9
CIP		57.5						
Specific Appropriations	159.0	530.2	217.5	308.6	212.6	212.6	212.6	212.6
Sub-total	4,581.9	5,333.0	5,382.7	5,592.1	5,566.4	5,646.6	5,696.8	5,788.5
Legislative Branch	30.4	30.6	30.4	30.4	30.4	30.4	30.4	30.4
Judicial Branch	124.8	134.1	138.3	136.4	137.4	138.4	139.3	140.3
OHA	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Counties	0.3	0.6						
Lapses	(61.2)	(45.0)	(45.0)	(45.0)	(45.0)	(45.0)	(45.0)	(45.0)
TOTAL EXPENDITURES	4,679.1	5,456.2	5,509.3	5,716.8	5,692.1	5,773.3	5,824.4	5,917.1
REVENUES OVER EXPEND.	245.8	(277.9)	(238.9)	(172.4)	96.6	243.6	470.0	699.9
CARRY-OVER BALANCE (DEFICIT)								
Beginning	486.4	732.2	454.4	215.5	43.1	139.7	383.3	853.3
Ending	732.2	454.4	215.5	43.1	139.7	383.3	853.3	1,553.1
<i>Emergency & Budget Reserve Fund</i>	53.5	61.2	73.5	85.8	98.0	110.3	122.6	134.8

**SUMMARY STATEMENT OF GENERAL FUND
EXPENDITURE CEILING AND APPROPRIATIONS**

A. Total State Personal Income (in \$ millions)

1. Calendar Year 2003	37,804
2. Calendar Year 2004	41,178
3. Calendar Year 2005	43,953
4. Calendar Year 2006*	46,810
5. Calendar Year 2007*	49,619

* As estimated by the Council on Revenues

B. All Branches of State Government

1. General Fund Appropriations

Fiscal Year 2006	4,740,272,784
Fiscal Year 2007 (incl. proposed)	5,476,625,399
Fiscal Year 2008 (proposed)	5,523,726,718
Fiscal Year 2009 (proposed)	5,731,238,989

2. General Fund Expenditure Ceilings

Fiscal Year 2008	5,753,838,373
Fiscal Year 2009	6,122,851,497

C. Executive Branch

1. Recommended General Fund Appropriations

Fiscal Year 2008	5,382,708,560
Fiscal Year 2009	5,592,117,503

2. Actual General Fund Appropriations

Fiscal Year 2006	4,581,901,469
Fiscal Year 2007	5,296,706,491

3.

Proposed Add'l Appropriations FY 07	33,500,000
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Total FY 2007	5,330,206,491
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4.

General Fund Appropriation Ceilings

Fiscal Year 2007	4,881,356,632
Fiscal Year 2008	5,724,004,670
Fiscal Year 2009	5,727,919,873

MULTI-YEAR FINANCIAL SUMMARY
FUND BALANCES OF SPECIAL FUNDS
FISCAL YEARS 06 - 13
(in millions of dollars)

	<u>Actual FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Transportation:								
Highways *	364.9	215.2	34.6	(85.9)	(95.6)	(53.4)	2.0	61.4
Airports	770.6	588.3	443.0	358.6	384.5	436.5	496.9	557.3
Harbors	165.0	150.4	159.6	184.3	213.3	258.4	305.0	354.6
Agriculture	4.7	4.8	1.3	1.0	0.7	0.5	0.3	0.2
Business, Econ. Dev. & Tourism	44.0	43.6	31.5	22.8	18.7	19.0	23.6	28.2
Commerce & Consumer Affairs	42.0	33.3	29.2	25.7	21.7	18.3	14.4	9.6
Education	19.5	3.7	40.3	86.7	172.5	231.5	317.3	408.2
Health	126.2	125.4	75.4	52.8	34.6	36.8	61.1	108.6
Labor & Industrial Relations	511.3	505.9	500.6	495.2	489.8	484.5	479.1	473.7
Land and Natural Resources	41.9	42.4	36.7	31.6	28.3	25.2	22.0	18.9
University of Hawaii **	103.9	82.7	54.2	13.0	(13.2)	(21.0)	(11.2)	(0.4)
Others	118.8	129.3	137.8	145.7	154.3	162.7	171.0	179.0
TOTAL	2,312.8	1,925.0	1,544.2	1,331.5	1,409.6	1,599.0	1,881.5	2,199.3

* Legislative proposals will be submitted to deal with the projected shortfall.

** Revenues as reported by the University of Hawaii; projections are being reviewed.

MULTI-YEAR FINANCIAL SUMMARY
SPECIAL FUNDS
FISCAL YEARS 06 - 13
(in millions of dollars)

	<u>Actual FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
REVENUES:								
Executive Branch:								
Tax Revenues	471.0	456.6	452.3	459.3	466.4	473.6	480.2	482.6
Nontax Revenues	1,245.6	1,431.2	1,500.2	1,592.3	1,579.3	1,589.6	1,626.7	1,650.0
Federal Funds	163.5	206.7	211.1	216.5	221.0	225.7	230.6	235.7
Judicial Branch Revenues	8.5	7.8	7.9	8.1	8.2	8.3	8.4	8.6
 TOTAL REVENUES	 1,888.6	 2,102.3	 2,171.5	 2,276.2	 2,274.9	 2,297.2	 2,345.9	 2,376.9
EXPENDITURES:								
Executive Branch:								
Operating	1,464.3	1,853.4	2,007.8	2,048.2	2,047.8	2,047.3	2,049.3	2,049.9
Capital Investment	197.5	627.3	535.4	431.6	139.9	51.3	5.0	-
 Sub-total	 1,661.8	 2,480.7	 2,543.2	 2,479.8	 2,187.7	 2,098.6	 2,054.3	 2,049.9
 Judicial Branch	 7.5	 9.3	 9.1	 9.1	 9.1	 9.2	 9.2	 9.2
 Total Expenditures	 1,669.3	 2,490.0	 2,552.3	 2,488.9	 2,196.8	 2,107.8	 2,063.5	 2,059.1
REVENUES OVER EXPEND.	219.3	(387.7)	(380.8)	(212.7)	78.1	189.4	282.4	317.8
CARRY-OVER BALANCE (DEFICIT)								
Beginning	2,093.5	2,312.8	1,925.0	1,544.2	1,331.5	1,409.6	1,599.0	1,881.5
Ending	2,312.8	1,925.0	1,544.2	1,331.5	1,409.6	1,599.0	1,881.5	2,199.3

GENERAL FUND
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES
FISCAL YEARS 06 - 13
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Licenses & Permits	1,284	1,006	1,006	1,006	1,006	1,006	1,006	1,006
Revenues From Use of Money and Property	62,949	69,725	68,842	68,316	67,183	66,091	63,875	63,146
Federal	6,462	5,034	5,034	5,034	5,034	5,034	5,034	5,034
Other Agencies	4,185	2,802	2,802	2,802	2,802	2,802	2,802	2,802
Charges for Current Services	205,198	180,311	187,524	193,481	201,152	207,754	215,806	214,298
Fines, Forfeits & Penalties	1,670	530	530	530	530	530	530	530
Repayment of Loans & Advanc.	26,815	28,071	27,626	24,538	18,715	22,804	20,554	20,419
Other Revenues	162,351	158,298	148,124	151,946	152,544	152,544	152,545	152,545
Sub-total	470,915	445,777	441,488	447,652	448,966	458,565	462,152	459,780
Judicial Branch Revenues	28,436	31,985	32,545	33,081	33,679	34,289	34,867	34,867
TOTAL	499,351	477,763	474,032	480,733	482,645	492,854	497,019	494,647

SPECIAL REVENUE FUNDS
MULTI-YEAR REVENUES FROM TAXES
FISCAL YEARS 06 - 13
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Transfer of Tobacco Tax	1,434	1,145	1,145	1,145	1,145	1,145	1,145	1,145
Liquid Fuel:								
Highway	83,102	84,139	85,167	86,229	87,304	88,392	89,494	90,610
Aviation	2,641	3,503	3,538	3,573	3,609	3,645	3,645	3,645
Small Boats	1,617	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Sub-total	87,360	88,942	90,005	91,102	92,213	93,337	94,439	95,555
Transfer of Trans. Accom. Tax	103,404	110,109	116,911	120,942	125,047	129,277	133,648	133,648
Motor Vehicle Weight Tax	30,741	28,600	29,032	29,470	29,916	30,367	30,352	30,732
Vehicle Registration Fee Tax	25,361	25,081	25,382	25,687	25,996	26,310	26,310	26,576
Vehicle Surcharge:								
Rental/Tour Vehicles	50,582	51,594	38,626	39,678	40,752	41,847	42,964	43,676
Environmental Response Tax	1,808	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Unemployment Comp. Tax	147,586	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Employment and Training	1,039	950	950	950	950	950	950	950
Election Campaign Contrib. T.F.	186	260	260	260	260	260	260	260
Transfer of Banks & fin. Corp. Tax	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer of Conveyance Tax	36,820	38,350	38,350	38,350	38,350	38,350	38,350	38,350
Transfer of Ins. Premium Tax	1,710	1,800	1,900	2,000	2,000	2,000	2,000	2,000
 TOTAL	 490,031	 480,632	 476,361	 483,384	 490,429	 497,643	 504,218	 506,692

SPECIAL FUNDS
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES
FISCAL YEARS 06 - 13
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Licenses & Permits	14,118	14,657	16,345	16,497	16,001	16,281	16,215	15,460
Revenues From Use of Money and Property	110,139	108,238	105,488	104,867	103,685	101,972	99,624	99,931
Federal	163,502	206,736	211,109	216,451	220,955	225,684	230,603	235,720
Other Agencies	35,291	35,842	53,858	53,858	53,858	53,858	53,858	53,858
Charges for Current Services: Utilities & Other Enterprises	326,213	325,566	382,067	388,775	398,758	402,408	406,420	409,845
Others	419,083	686,754	720,811	854,240	832,936	840,953	876,437	896,667
Fines, Forfeits & Penalties	4,559	3,803	4,482	4,491	4,504	4,519	4,534	4,548
Non-Revenue Receipts	336,198	256,309	217,074	169,642	169,645	169,644	169,641	169,646
Judicial Branch Revenues	8,475	7,784	7,936	8,067	8,202	8,321	8,442	8,566
TOTAL	1,417,578	1,645,689	1,719,170	1,816,888	1,808,544	1,823,640	1,865,774	1,894,241

SPECIAL REVENUE FUNDS - OTHER THAN SPECIAL FUNDS
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES
FISCAL YEARS 06 - 13
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Licenses & Permits	463	493	493	493	493	493	493	493
Revenues From Use of Money and Property	67,144	57,351	55,106	53,396	52,912	52,524	52,141	51,785
Federal	1,770,017	1,817,565	1,854,922	1,928,809	2,037,929	2,088,169	2,144,376	2,144,478
Other Agencies	11,760	11,863	11,863	11,863	11,863	11,863	11,782	11,782
Charges for Current Services	150,310	113,300	106,492	116,802	115,312	115,251	115,119	114,836
Fines, Forfeits & Penalties	2,383	953	958	958	958	958	958	958
Other Revenues	735,587	670,857	696,419	744,303	770,784	780,266	809,935	837,921
OHA Revenues	32,600	15,100	15,100	15,100	15,100	15,100	15,100	15,100
TOTAL	2,770,264	2,687,482	2,741,353	2,871,724	3,005,351	3,064,624	3,149,904	3,177,353

**SCHEDULE OF PROJECTED DEBT SERVICE CHARGES FOR GENERAL OBLIGATION BONDS
ISSUED AND TO BE ISSUED BY JUNE 30, 2008**

(IN THOUSANDS)

Debt Service On Bonds Outstanding As of December 1, 2006				Debt Service On Bonds To Be Issued Through June 30, 2008			Total Estimated Debt Service		
Fiscal Year	Direct From General Fund	Reimbursable Debt Service	Total	Direct From General Fund	Reimbursable Debt Service	Total	Direct From General Fund	Reimbursable Debt Service	Total
2005-2006	\$ 450,814	\$ 47,850	\$ 498,664	\$ -	\$ -	\$ -	\$ 450,814	\$ 47,850	\$ 498,664
2006-2007	\$ 496,657	\$ 50,957	\$ 547,614	\$ -	\$ -	\$ -	\$ 496,657	\$ 50,957	\$ 547,614
2007-2008	\$ 499,507	\$ 49,141	\$ 548,648	\$ 25,380	\$ 2,820	\$ 28,200	\$ 524,887	\$ 51,961	\$ 576,848
2008-2009	\$ 504,137	\$ 44,510	\$ 548,647	\$ 55,080	\$ 6,120	\$ 61,200	\$ 559,217	\$ 50,630	\$ 609,847
2009-2010	\$ 460,677	\$ 37,385	\$ 498,062	\$ 97,314	\$ 10,812	\$ 108,125	\$ 557,991	\$ 48,197	\$ 606,187
2010-2011	\$ 434,625	\$ 40,666	\$ 475,291	\$ 137,634	\$ 15,292	\$ 152,925	\$ 572,259	\$ 55,958	\$ 628,216
2011-2012	\$ 380,005	\$ 37,289	\$ 417,294	\$ 180,447	\$ 20,050	\$ 200,497	\$ 560,452	\$ 57,339	\$ 617,791
2012-2013	\$ 377,089	\$ 37,003	\$ 414,092	\$ 214,501	\$ 23,833	\$ 238,334	\$ 591,590	\$ 60,836	\$ 652,426

Schedule of General Obligation Bond Sales:

Fiscal Year 2007-2008

First Half \$275,000

Second Half \$275,000

Fiscal Year 2008-2009

First Half \$275,000

Second Half \$275,000

Maturities of Bonds to be issued:

20 year serial bonds with principal repayment beginning the fourth year.

Method of Retirement:

Maturing in substantial equal installment of debt service (principal and interest)

Assumed Interest Rates: FY 2007 - 5.70%; and FY 2008 - 6.00%.

TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR
OF THE AMOUNT OF GENERAL OBLIGATION BONDS AND REVENUE BONDS
TO BE ISSUED IN THE FISCAL BIENNIUM

<u>GENERAL OBLIGATION BONDS</u>			<u>AMOUNT</u>	<u>TOTAL</u>
FY 2007-2008				
Quarters	Second		\$ 275,000,000	
	Fourth		275,000,000	\$ 550,000,000
FY 2008-2009				
Quarters	Second		\$ 275,000,000	
	Fourth		<u>275,000,000</u>	<u>550,000,000</u>
TOTAL GENERAL OBLIGATION BONDS				<u><u>\$ 1,100,000,000</u></u>

REVENUE BONDS

FY 2007-2008				
Quarters	First	University of Hawaii	\$ 16,000,000	
	Third	Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	40,000,000	
	Fourth	Airports	<u>225,000,000</u>	
				\$ 306,000,000
FY 2008-2009				
Quarters	First	University of Hawaii	\$ 20,000,000	
	Third	Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	80,000,000	
	Fourth	Highways	<u>40,000,000</u>	
				165,000,000
TOTAL REVENUE BONDS				<u><u>\$ 471,000,000</u></u>

TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR
OF THE AMOUNT OF GENERAL OBLIGATION BONDS
TO BE ISSUED FROM FISCAL YEAR 2007 TO FISCAL YEAR 2013

GENERAL OBLIGATION BONDS

	<u>Quarter</u>	<u>Amount</u>	<u>Total</u>
FY 2006-2007	Third	<u>\$ 350,000,000</u>	\$ 350,000,000
FY 2007-2008	Second	275,000,000	
	Fourth	<u>275,000,000</u>	550,000,000
FY 2008-2009	Second	275,000,000	
	Fourth	<u>275,000,000</u>	550,000,000
FY 2009-2010	Second	275,000,000	
	Fourth	<u>250,000,000</u>	525,000,000
FY 2010-2011	Second	275,000,000	
	Fourth	<u>250,000,000</u>	525,000,000
FY 2011-2012	Second	\$ 150,000,000	
	Fourth	<u>150,000,000</u>	300,000,000
FY 2012-2013	Second	\$ 150,000,000	
	Fourth	<u>150,000,000</u>	<u>300,000,000</u>
Total General Obligation Bonds			<u><u>\$ 3,100,000,000</u></u>

TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR
OF THE AMOUNT OF REVENUE BONDS
TO BE ISSUED FROM FISCAL YEAR 2007 TO FISCAL YEAR 2013

<u>REVENUE BONDS</u>				
	<u>Quarter</u>		<u>Amount</u>	<u>Total</u>
FY 2006-2007	Second	University of Hawaii	\$ 100,000,000	
	Fourth	Highways	80,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	<u>60,000,000</u>	\$ 240,000,000
FY 2007-2008	First	University of Hawaii	\$ 16,000,000	
	Third	Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	40,000,000	
	Fourth	Airports	<u>225,000,000</u>	306,000,000
FY 2008-2009	First	University of Hawaii	20,000,000	
	Third	Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth	Highways	80,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	<u>40,000,000</u>	165,000,000
FY 2009-2010	First	University of Hawaii	20,000,000	
	Second	University of Hawaii	34,000,000	
	Second	Airports	300,000,000	
	Third	Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	<u>40,000,000</u>	419,000,000
FY 2010-2011	Second	Airports	350,000,000	
	Third	Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth	Highways	80,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	<u>40,000,000</u>	495,000,000
FY 2011-2012	Second	Airports	200,000,000	
	Third	Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	<u>40,000,000</u>	265,000,000
FY 2012-2013	Third	Hawaii Hsg Finance & Development Corp	\$ 25,000,000	
	Fourth	Hawaii Hsg Finance & Development Corp	<u>40,000,000</u>	<u>65,000,000</u>
Total Revenue Bonds				<u>\$ 1,955,000,000</u>

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DECLARATION OF FINDINGS

Pursuant to Section 37-71(d)(6) of the Hawaii Revised Statutes, the Director of Finance finds and declares that with respect to the proposed capital improvement appropriations for the budget period 2007-2009 for which the source of funding is general obligation bonds:

1. Limitation on general obligation debt. Article VII, Section 13 of the State Constitution, states in part: "General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed . . . a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance." Article VII, Section 13, also provides that in determining the power of the State to issue general obligation bonds, certain bonds are excludable, including "reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year."
2. Actual and estimated debt limits. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2006-2007 and estimated for each fiscal year from fiscal year 2007-2008 to 2010-2011, is as follows:

<u>Fiscal Year</u>	<u>Net Fund Revenues</u>	<u>General Debt Limit</u>
2003-2004	3,894,091,730	
2004-2005	4,471,460,582	
2005-2006	4,904,019,330	
2006-2007	5,157,146,000	818,290,251
2007-2008	5,437,905,000	896,178,598
2008-2009	5,667,152,000	955,776,004
2009-2010	5,918,113,000	1,002,835,852
2010-2011	(not applicable)	1,049,762,150

For fiscal years 2006-2007, 2007-2008, 2008-2009, 2009-2010 and 2010-2011, respectively, the debt limit is derived by multiplying the average of the net general fund revenues for the three preceding fiscal years by 18 1/2 percent. The net general fund revenues for fiscal years 2003-2004, 2004-2005 and 2005-2006 are actual, as certified by the Director of Finance in the Statement of the Debt Limit of the State of Hawaii as of July 1, 2006, dated November 20, 2006. The net general fund revenues for fiscal years 2006-2007 to 2009-2010 are estimates, based on general fund revenue estimates made as of September 11, 2006, by the Council on Revenues, the body assigned by Article VII, Section 7 of the State Constitution, to make such estimates, and based on estimates made by the Department of Budget and Finance of those receipts which cannot be included as general fund revenues for the purpose of calculating the debt limit, all of which estimates the Director of Finance finds to be reasonable.

3. Principal and interest on outstanding bonds applicable to the debt limit. In determining the power of the State to issue general obligation bonds for the fiscal years 2007-2008 to 2025-2026, the total amount of principal and interest on outstanding general obligation bonds are as follows:

Fiscal Year Ending June 30	Gross			Excludable			Net Debt Service		
	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable
2008	323,825,308	224,822,275	548,647,583	16,418,562	2,664,674	19,083,236	307,406,745	222,157,601	529,564,346
2009	338,569,472	210,077,973	548,647,445	12,961,355	1,875,615	14,836,969	325,608,117	208,202,359	533,810,476
2010	333,834,540	178,152,491	511,987,031	6,915,287	1,336,540	8,251,827	326,919,253	176,815,951	503,735,204
2011	341,710,000	148,066,054	489,776,054	10,294,974	1,068,443	11,363,417	331,415,026	146,997,611	478,412,637
2012	300,965,000	131,429,408	432,394,408	7,682,914	654,709	8,337,623	293,282,086	130,774,698	424,056,784
2013	314,035,000	115,816,925	429,851,925	4,667,482	330,119	4,997,601	309,367,518	115,486,806	424,854,324
2014	283,870,000	99,956,652	383,826,652	3,966,623	227,197	4,193,820	279,903,377	99,729,455	379,632,832
2015	282,520,000	85,437,012	367,957,012	3,800,104	156,133	3,956,237	278,719,896	85,280,879	364,000,775
2016	213,835,000	71,555,251	285,390,251	2,441,057	90,960	2,532,017	211,393,943	71,464,291	282,858,234
2017	237,705,000	60,246,307	297,951,307	2,124,469	51,141	2,175,610	235,580,531	60,195,166	295,775,697
2018	180,265,000	49,460,492	229,725,492	973,985	16,062	990,046	179,291,015	49,444,430	228,735,446
2019	143,005,000	41,780,603	184,785,603	2,420	382	2,802	143,002,580	41,780,221	184,782,801
2020	127,480,000	34,961,409	162,441,409	2,545	261	2,805	127,477,455	34,961,148	162,438,604
2021	135,190,000	28,387,771	163,577,771	2,674	134	2,808	135,187,326	28,387,638	163,574,963
2022	140,995,000	21,399,183	162,394,183			0	140,995,000	21,399,183	162,394,183
2023	105,865,000	14,612,241	120,477,241				105,865,000	14,612,241	120,477,241
2024	102,500,000	9,408,959	111,908,959				102,500,000	9,408,959	111,908,959
2025	65,900,000	4,713,728	70,613,728				65,900,000	4,713,728	70,613,728
2026	48,480,000	1,930,155	50,410,155				48,480,000	1,930,155	50,410,155

Additionally, the outstanding principal amount of bonds constituting instruments of indebtedness in which the State has incurred a contingent liability as a guarantor is \$191,000,000, all or a portion of which pursuant to Article VII, Section 13 of the State Constitution, is excludable in determining the power of the State to issue general obligation bonds.

4. Amount of authorized and unissued general obligation bonds and proposed bonds. As calculated from the State Comptroller's bond fund report as of September 30, 2006, is \$1,431,124,417. The amount of general obligation bonds proposed in the Multi-Year Program and Financial Plan and Executive Budget for the Period 2007-2013 (Budget Period 2007-2009) (referred to as the "Budget") is \$999,070,000 (but does not include capital improvement appropriations to be funded through the issuance of general obligation bonds proposed by the Judiciary). The total amount of general obligation bonds previously authorized and unissued and the general obligation bonds proposed in the Budget is \$2,430,194,417.
5. Proposed general obligation bond issuance. As reported in the Budget, as it applies to the fiscal period 2006-2007 to 2010-2011, the State proposed to issue \$350,000,000 in general obligation bonds during the remainder of fiscal year 2006-2007, \$275,000,000 in general obligation bonds semi-annually during fiscal years 2007-2008 and 2008-2009, \$275,000,000 in general obligation bonds during the first half of fiscal year 2009-2010, \$250,000,000 in general obligation bonds during the second half of fiscal year 2009-2010, \$275,000,000 in general obligation bonds during the first half of fiscal year 2010-2011 and \$250,000,000 in general obligation bonds during the second half of fiscal year 2010-2011. It is the practice of the State to issue 20-year serial bonds with principal repayments beginning the fourth year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds, which are proposed to be issued except that principal repayments will begin in the fourth year.
6. Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds and the bonds proposed in the Budget. From the schedule reported in paragraph (5), the total amount of general obligation bonds, which the State proposes to issue during this fiscal year and in fiscal years 2007-2008, 2008-2009, 2009-2010, and 2010-2011, is \$2,500,000,000. The total amount of \$2,500,000,000 which is proposed to be issued through fiscal year 2010-2011 is sufficient to meet the requirements of the previously authorized and unissued bonds and the bonds proposed in the Budget, the total amount of which is \$2,430,194,417, as reported in paragraph (4). Thus, taking the Budget into account the amount of previously authorized and unissued bonds and bonds proposed in the versus the amount of bonds which is proposed to be issued by June 30, 2011, the Director of Finance finds that in the aggregate, the amount of bonds is sufficient to meet these requirements.
7. Bonds excludable in determining the power of the State to issue bonds. As noted in paragraph (1), certain bonds are excludable in determining the power of the State to issue general obligation bonds. (A) General obligation reimbursable bonds can be excluded under certain conditions. It is not possible to make a conclusive determination as to the amount of reimbursable bonds which are excludable from the amount of each proposed bond issuance because:
 - (i) It is not known exactly when projects for which reimbursable bonds have been authorized in prior acts and in the Budget will be implemented and will require the application of proceeds from a particular bond issue; and

- (ii) Not all reimbursable general obligation bonds may qualify for exclusion.

However, the Director of Finance notes that with respect to the principal and interest on outstanding general obligation bonds, as reported in Section 3 herein, the average proportion of principal and interest which is excludable each year from calculation against the debt limit is 1.86 percent for the ten years from fiscal year 2007-2008 to fiscal year 2016-2017. For the purpose of this declaration, the assumption is made that one percent of each bond issue will be excludable from the debt limit, an assumption which the Director of Finance finds to be reasonable and conservative. (B) Bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor can be excluded but only to the extent the principal amount of such guaranties does not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise excluded under subparagraph (A) of this paragraph (7) and provided that the State shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. According to the Department of Budget and Finance and the assumptions presented herein, the total principal amount of outstanding general obligation bonds and general obligation bonds proposed to be issued, which are not otherwise excluded under Article VII, Section 13 of the State Constitution, for the fiscal years 2006-2007, 2007-2008, 2008-2009, 2009-2010 and 2010-2011 are as follows:

<u>Fiscal Year</u>	<u>Total amount of G.O. Bonds not otherwise excluded by Article VII, Section 13 of the State Constitution</u>
2006-2007	4,294,794,867
2007-2008	4,531,888,122
2008-2009	4,750,780,005
2009-2010	4,943,610,752
2010-2011	5,119,335,726

Based on the foregoing and based on the assumption that the full amount of a guaranty is immediately due and payable when such guaranty changes from a contingent liability to an actual liability, the aggregate principal amount of the portion of the outstanding guaranties and the guaranties proposed to be incurred, which does not exceed seven percent of the average amount set forth in the last column of the above table and for which reserve funds have been or will have been established as heretofore provided by, can be excluded in determining the power of the State to issue general obligation bonds. As it is not possible to predict with a reasonable degree of certainty when a guaranty will change from a contingent liability to an actual liability, it is assumed in conformity with fiscal conservatism and prudence, that all guaranties not otherwise excluded pursuant to Article VII, Section 13 of the State Constitution, will become due and payable in the same fiscal year in which the greatest amount of principal and interest on general obligation bonds, after exclusions, occurs. Thus, based on such assumptions and on the determination in paragraph (8), the aggregate principal amount of the portion of the outstanding guaranties; which must be included in determining the power of the State to issue general obligation bonds, is \$0.

8. Determination whether the debt limit will be exceeded at the time of issuance. From the foregoing and on the assumption that the bonds identified in paragraph (5) will be issued at interest rate of 5.7 percent during the remainder of fiscal year 2006-2007 and 6 percent thereafter, as reported in the Budget, it can be determined from the following schedule that the bonds which are proposed to be issued, which includes all bonds issued and outstanding, bonds previously authorized and unissued and the bonds proposed in the Budget, will not cause the debt limit to be exceeded at the time of each bond issuance:

<u>Time of Issue and Amount of Issue to be Counted Against Debt Limit</u>	<u>Debt Limit at Time of Issuance</u>	<u>Greatest Amount & Year of Principal & Interest</u>
Remainder of FY 2006-2007		
\$346,500,000	818,290,251	553,560,976 (2008-2009)
1st half FY 2007-2008		
\$272,250,000	896,178,598	569,895,976 (2008-2009)
2nd half FY 2007-2008		
\$272,250,000	896,178,598	586,230,976 (2008-2009)
1st half FY 2008-2009		
\$272,250,000	955,776,004	564,323,204 (2009-2010)
2nd half FY 2008-2009		
\$272,250,000	955,776,004	580,658,204 (2009-2010)
1st half FY 2009-2010		
\$272,250,000	1,002,835,852	592,448,137 (2010-2011)
2nd half FY 2009-2010		
\$247,500,000	1,002,835,852	607,298,137 (2010-2011)
1st half FY 2010-2011		
\$272,250,000	1,049,762,150	609,131,154 (2012-2013)
2nd half FY 2010-2011		
\$247,500,000	1,049,762,150	623,981,154 (2012-2013)

9. Overall and concluding finding. From the facts, estimates, and assumptions stated in this declaration of findings, the conclusion is reached that the total amount of principal and interest estimated for the general obligation bonds proposed in the Budget and for all bonds previously authorized and unissued and calculated for all bonds issued and outstanding and guaranties, will not cause the debt limit to be exceeded at the time of issuance.

The Director of Finance hereby finds that the bases for the declaration of findings set forth herein are reasonable. The assumptions set forth in this declaration with respect to the principal amount of general obligation bonds which will be issued, the amount of principal and interest on reimbursable general

obligation bonds which are assumed to be excludable and the assumed maturity structure shall not be deemed to be binding, it being the understanding that such matters must remain subject to substantial flexibility.

/s/

Director of Finance
State of Hawaii

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